

Message Text

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PAGE 01 JAKARTA 02921 120206 Z

72

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 USIA-12 L-03 H-02 INT-08 OEP-01

T-03 AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-09

NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 NSC-10 SS-14 STR-08 CEA-02 PA-03 PRS-01 RSR-01

/152 W

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R 120045 Z MAR 73

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 5916
INFO AMCONSUL HONG KONG
AMCONSUL MEDAN
AMCONSUL SURABAYA
AMEMBASSY TOKYO

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DEPARTMENT PLEASE PASS TO EXIM BANK

HONGKONG FOR KEARNS AND RAND

E. O. 11652: N/ A
TAGS: EFIN, ID
SUBJECT: EXIM BANK PRESIDENT KEARNS' MEETINGS WITH INDONESIAN
NB OFFICIALS

REF : JAKARTA 2841

1. KEARNS, ACCCOMPANIED BY AMBASSADOR, ECONOMIC COUNSELOR
AND EXIM AIDES, MET PLANNING MINISTER WIDJOJO, CENTRAL
BANK GOVERNOR RADIUS PRAWIRO AND CENTRAL BANK DEPUTY
DIRECTOR RACHMAT SALEH, JUST PRIOR TO CALL ON SUHARTO
REPORTED REFTEL. KEARNS EXPRESSED DESIRE " TO DO MORE" TO
ASSIST FINANCING OF INDONESIAN DEVELOPMENT, BASED ON
BANK' S APPRAISAL THAT INDONESIA' S LONG- TERM PROSPECTS

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PAGE 02 JAKART 02921 120206 Z

ARE GOOD. " BANK HAS NO LACK OF INTEREST, DESIRE OR RESOURCES TO ASSIST INDONESIA." KEARNS DESCRIBED EXIM'S REQUIREMENT OF ASSURANCE OF REPAYMENT IN US DOLLARS FOR WHICH IT LOOKS TO GOI AS ONLY INDONESIAN SOURCE ABLE PROVIDE SUCH ASSURANCE. KEARNS PROPOSED THAT GOI CONSIDER EXIM OPERATING ARRANGEMENT IN WHICH IT WOULD GIVE BLANKET ASSURANCE THAT REPAYMENTS OF EXIM LOANS WOULD BE COVERTIBLE INTO DOLLARS. NEED FOR GUARANTEE OF REPAYMENT WOULD BE CONSIDERED ON CASE- BY- CASE BASIS DEPENDING ON NATURE OF PROJ OF ALL AND OF ARAB CAUSE. IN VIEW OF SHOCK WITH WHICH KHARTOUM MURDERS

WERE RECEIVED BY AMERICAN PUBLIC AND OUR OWN STRONG OPPOSITION TO TERRORISM, ATTITUDE OF U. S. TOWARD ARAB GOVERNMENTS WILL INCREASINGLY BE STRONGLY AffECTED BY DEGREE TO WHICH THEY PROVIDE FUNDS AND OTHER SUPPORT TO OR HARBOR MEMBERS BSO OR GROUPS WITH SIMILAR OUTLOOK.

4. SHOULD BE OBVIOUS TO ALL THAT CONTINUATION OF BSO ACTIVITIES WILL MAKE USG'S TASK IN SEEKING A PEACEFUL SETTLEMENT FOR ARAB- ISRAELI CONFLICT MUCH MORE COMPLEX, DIFFICULT AND LENGTHY. WE ARE SURE ARAB GOVERNMENTS WOULD NOT WANT TO SEE THIS HAPPEN.

5. FOR BEIRUT: STATE 41440 COVERS ESSENTIAL ELEMENTS OF APPROACH YOU SHOULD MAKE. YOU MAY IN ADDITION DRAW ON ANY OF FOREGOING POINTS YOU FEEL USEFUL.

6. FOR JIDDA, KUWAIT, MANAMA AND ABU DHABI. YOU SHOULD STRESS ESPECIALLY THAT IN VIEW OF FATAH'S PROVEN LINK WITH BSO THERE CAN BE NO DENYING THAT FUNDS THEY PROVIDE OR PERMIT TO GO TO FATAH ARE BEING USED TO FINANCE BSO OPERATIONS.

7. FOR AMMAN AND KHARTOUM: SUGGEST FOREGOING BE CONVEYED AS INFORMATION TO THESE GOVERNMENTS ALREADY OPPOSED TO BSO AS APPROACH WE ARE MAKING TO OTHERS. ROGERS

UNQUOTE
SECRET

SECRET

PAGE 03 STATE 042486

ROGERS

SECRET

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*** Current Classification *** LIMITED OFFICIAL USE

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